

REVIEW OF PAYMENT RATES FOR
ADULT FAMILY CARE HOMES
COVERED BY SECTION 2

PUBLIC COMMENTS AND RESPONSES

— PREPARED FOR —

MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES

— PREPARED BY —

BURNS & ASSOCIATES

A DIVISION OF HEALTH MANAGEMENT ASSOCIATES

3030 NORTH THIRD STREET, SUITE 200
PHOENIX, AZ 85012
(602) 241-8520
WWW.BURNSHEALTHPOLICY.COM

APRIL 10, 2023

PROJECT BACKGROUND

As part of its ongoing effort to review the adequacy of payment rates for MaineCare providers, the Maine Department of Health and Human Services (DHHS) contracted the national consulting firm Burns & Associates, a division of Health Management and Associates, to conduct a rate study for Adult Family Care Homes covered by Sections 2 of the MaineCare Benefits Manual.

The rate review encompassed several tasks, including:

- A detailed review of service requirements, MaineCare regulations, billing rules, including existing resource groups and resource adjusted prices, and DHHS' policy objectives
- Meetings with service providers.
- Development and administration of a provider survey to collect information regarding service designs and costs
- Identification of other data sources to inform the development of the rate models, including cross-industry wage and benefit standards
- Analyses of claims data

Based on this work, detailed rate models were developed. The models included the specific assumptions regarding the costs of delivering the AFCH service, such as the wages, benefits, and support hours for direct support staff and nursing supports, program occupancy, and agency overhead.

The proposed rate models were presented to providers on January 12, 2023. Providers were given until January 31st to provide written comments on the draft rate models. The rate models maintain the current resource group weighting and the 15 percent premium for homes on remote islands. Instead of the current single rate, two rates were established based on home size with a rate for homes with six or fewer beds and a rate for homes with seven or eight beds.

Following are public comments received and the Department's responses:

1. One commenter expressed support for the recommended rates.

DHHS appreciates the support. The final rate models represent a 67 percent increase for homes with seven or eight beds and 110 percent for homes with six or fewer beds. The Department believes this significant investment in provider reimbursement will ensure both the viability of the service for Mainers across the state with a range of needs and that providers have the resources needed to pay competitive wages and benefits for direct care staff.

2. One commenter suggested that payment rates should be higher for locations with multiple licenses to account for increased costs such as a commercial kitchen and a dedicated activities director.

Licensing and service requirements do not vary for sites with multiple licenses, so there is no reason that costs in a multi-license location need to be any different in a single license location. If the owner of a multi-license location makes choices that result in costs that differ from those costs – whether those choices bring economies of scale or increase costs in excess of the costs assumed in rate model – that is the owner's prerogative, s, DHHS will therefore not establish separate rates for locations with multiple licenses.

- 3. *One commenter stated the rate models should assume that direct support staff work 47 hours per week rather than 40 hours and that the models should include related overtime costs.***

As noted by the commenter, the rate models assume direct support staff work 40 hours per week, which is consistent with reporting through the provider survey. It is acknowledged that many providers have staffing challenges that may necessitate the use of overtime. However, it is hoped that the dramatic increase in payment rates will allow providers to increase staff wages and compensation, resulting in improved recruitment and retention.

It is additionally noted that increasing the assumed workweek to 47 hours would have a minimal impact on the per-hour cost calculation. Although the wage cost would be higher, the benefit rate would be lower because some costs are fixed (such as health insurance) and the productivity adjustment would be lower because some requirements are fixed (for example, the assumed training hours would be the same).

- 4. *One commenter stated they had to hire a registered nurse consultant to comply with new MaineCare regulations. The commenter stated the consultant provides annual training (e.g., for infection control) and visits the home every 90 days to sign off on service plans, medication administration, and charts. The commenter reported they pay the consultant approximately \$1,000 per year.***

Based on the results of the provider survey, the rate models include one hour of nursing services per resident per week. At an assumed cost of \$50.08 per hour (\$40.98 wages and \$9.10 benefits), this translates to about \$15,600 per year for a six-bed home, substantially more than reported by the commenter.

- 5. *One commenter suggested the wage assumption for registered nurses should be \$46 per hour instead of \$40.98.***

The wage assumptions in the rate models are based on Maine-specific wage data published by the Bureau of Labor Statistics (BLS). In particular, the rate models use the median (50th percentile) wages reported by the BLS (with adjustments to account for wage growth since the BLS survey period), which is the wage at which half of the staff in a given occupation earn less and half of the staff earn more. This methodology – and the wage level for services that include a registered nurse – is consistent with most other MaineCare rate studies. As a result, no changes have been made.

- 6. *One commenter stated the assumed workers' compensation rate should be six percent rather than three percent.***

As noted by the commenter, the rate models assume a workers' compensation rate of three percent of employee wages. Only two providers reported workers' compensation data in the provider survey, reporting an average of 3.25 percent. Given the low participation in the survey, the rate models include the same assumptions for payroll taxes and employee benefits as included in other recent MaineCare rate studies.

- 7. *One commenter stated the assumed cost of \$591 per employee per month for health insurance is too low and should be increased to \$670.***

The health insurance cost assumption is based on Maine-specific data from the U.S. Department of Health and Human Services' Medical Expenditure Panel Survey relating to overall employee participation rates and employer costs across a mix of plan types. The resulting assumption is \$591 per employee per month, which reflects the average across participating and non-participating

employees (the rate model assumes a 75 percent participation rate in employer sponsored health insurance).

As noted in the response to comment 6, few providers participated in the provider survey. Amongst those that did report information, the effective per-employee cost for health insurance was \$227 per month for full-time staff, largely because respondents reported that only 55 percent of full-time staff are eligible for health insurance and less than 20 percent actually participate in the health insurance benefit. Additionally, providers reported that between one-third and one-half of staff providing services covered by this rate study work part-time and do not receive health insurance benefits. In contrast, the rate models assume that all staff have access to health insurance and 75 percent of employees participate.

DHHS believes these assumptions, which are the same as included in other recent MaineCare rate studies, are reasonable.